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Pay to Play, High Investment Fees and the Small Business Credit Crunch

BY LIZ FARMER

Pennsylvania is going with passive funds. That was the message this week from State Treasurer Joe Torsella, who says he plans to move the state's $1 billion in actively managed public equity (stock) funds over to index funds within six months.

Index, or passive, funds are known for their lower fees and lower volatility. Rather than managed by a trader, these funds are built using computer models that are designed to mimic the performance of stock indexes like the S&P 500. Torsella expects the shift to save at least $5 million a year in fees.

The treasurer's announcement is part of an effort to return faith in the office after his predecessor left in disgrace amid a pay-to-play scandal. Former Treasurer Rob McCord pleaded guilty in 2015 to federal charges that he used his office to influence future investment deals and other contracts as a way raise cash for a failed gubernatorial bid. **Keep Reading >>**

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